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ARGENTINA: A TROUBLED TRANSITION

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PREFACE

Politically exhausted and discredited, Argentina's armed forces have promised restoration of civilian rule. The transition, however, is a troubled one. Seemingly intractable economic problems and civilian-military disagreement over sensitive political issues aggravate an inherently unstable situation. Moreover, there is some fear that a civilian government may not be able to survive.

The Peronists, traditionally the country's dominant civilian political force, are expected to win the elections scheduled for October. The Radical Party, however, has a reasonable chance to obtain its first-ever election victory over the followers of the late Juan Peron. In the unlikely event that the transition process is aborted, there could be severe consequences for US interests and bilateral relations with Argentina.

This paper explores the dynamics of the transition to civilian rule, as well as the implications for the United States of a Radical or Peronist victory—or an aborted process.

KEY JUDGMENTS

The military in Argentina has initiated a transition process that in all likelihood will produce a civilian, constitutional government by 30 January 1984, as promised. The armed forces recognize that they are too discredited to retain power after seven years of rule that have included human rights abuses, economic mismanagement, and loss of the Falklands war. Even if President Bignone were ousted in a palace coup, the transition is not likely to be derailed.

A minority of military officers might like to halt or extend the transition period, but we believe they lack the necessary support in the military and civilian sectors to do so. Any coup attempt would almost certainly be short lived. A coup attempt that is not quickly aborted, however, could trigger intramilitary violence with highly unpredictable results.

Renewed military adventurism with respect to the Falklands would not disrupt the transition. Another full-scale Argentine assault is highly unlikely, and a more limited incident (such as a minor Argentine raid or an accidental sea or air encounter) might rekindle Argentine public passions but probably would not prompt civilian leaders to accept halting or delaying the transition. The armed forces would also be unlikely to use it as a pretext for doing so.

Military-civilian harmony during the transition and after a new civilian government is installed will depend in large part on how several key issues—including corruption, thousands of disappearances during the antiterrorist campaign, and the political conduct of the Falklands war—are handled. Armed forces leaders want to protect themselves against personal or institutional retribution before turning over power. Civilian leaders recognize the sensitivity of these issues but are wary of the political consequences of being perceived as having struck a deal with the military.

The elections on 30 October 1983 will be dominated by two center-left parties—the Peronists and the Radicals. The Peronists are expected to win, but they suffer from serious internal splits because of the lack of a recognized successor to the late strongman Juan Peron. Radical hopes for winning the election lie in a united effort behind Raul Alfonsin—a lawyer who is appealing to the labor sector in an effort to supplement his party's traditional middle class constituency. New voters will

account for as much as 30 percent of the electorate—a huge electoral imponderable. These new voters form a pool from which Alfonsin must draw support if he is to build his populist coalition.

Most other political parties tend to be small, provincial, and highly personalistic organizations. None threaten the Peronists or Radicals nationally, although some might provide marginal support to the major parties in coalition efforts. Conservative political and economic interests in Argentina lack an effective national party to articulate their views and attract broad support. This critical weakness accounts in part for the historical tendency of conservatives to rely on the military to protect their interests.

Economic problems will almost surely dwarf all other issues facing the new government. In 1982, inflation was about 200 percent, with the trend accelerating; unemployment hovered around 10 to 12 percent, and the foreign debt verged on $40 billion. As the election date approaches, economic policy makers are likely to become increasingly susceptible to pressures for expansionary policies rather than austerity. The government probably will fall short of its IMF targets later this year, but the IMF is unlikely to cut off aid—preferring to work out revised terms with a newly elected government.

A new administration most likely would attempt to broaden its support for economic recovery by incorporating key sectors—organized labor, industry, finance, agriculture—into the policymaking process. Nevertheless, if the victor wins less than a majority, as is likely, it will have great difficulty abandoning the kind of populist, protectionist, and redistributive policies that both parties traditionally have favored. A civilian government also will be somewhat circumscribed by a continuing heavy foreign debt service burden and the policy conditions attached to new lending by the IMF and private foreign banks.

In foreign affairs, either party will continue to press for negotiations with the United Kingdom over the Falklands issue, and to seek better relations with Argentina's neighbors and Nonaligned states. The Argentine-Soviet relationship—which has strengthened considerably since 1980—will remain essentially the same under a civilian government of either party. Buenos Aires will endeavor to maintain and perhaps expand commercial relations with Cuba, the USSR, and Soviet Bloc countries while attempting to minimize the risks of political contamination. Leaders of both parties are anti-Communist, and labor—which is sure to play an important role in the next government—has historically opposed Communism and Soviet expansionism. Military leaders probably will continue to reject Soviet offers to sell major

weapon systems as long as Argentina retains access to Western arms on acceptable terms.

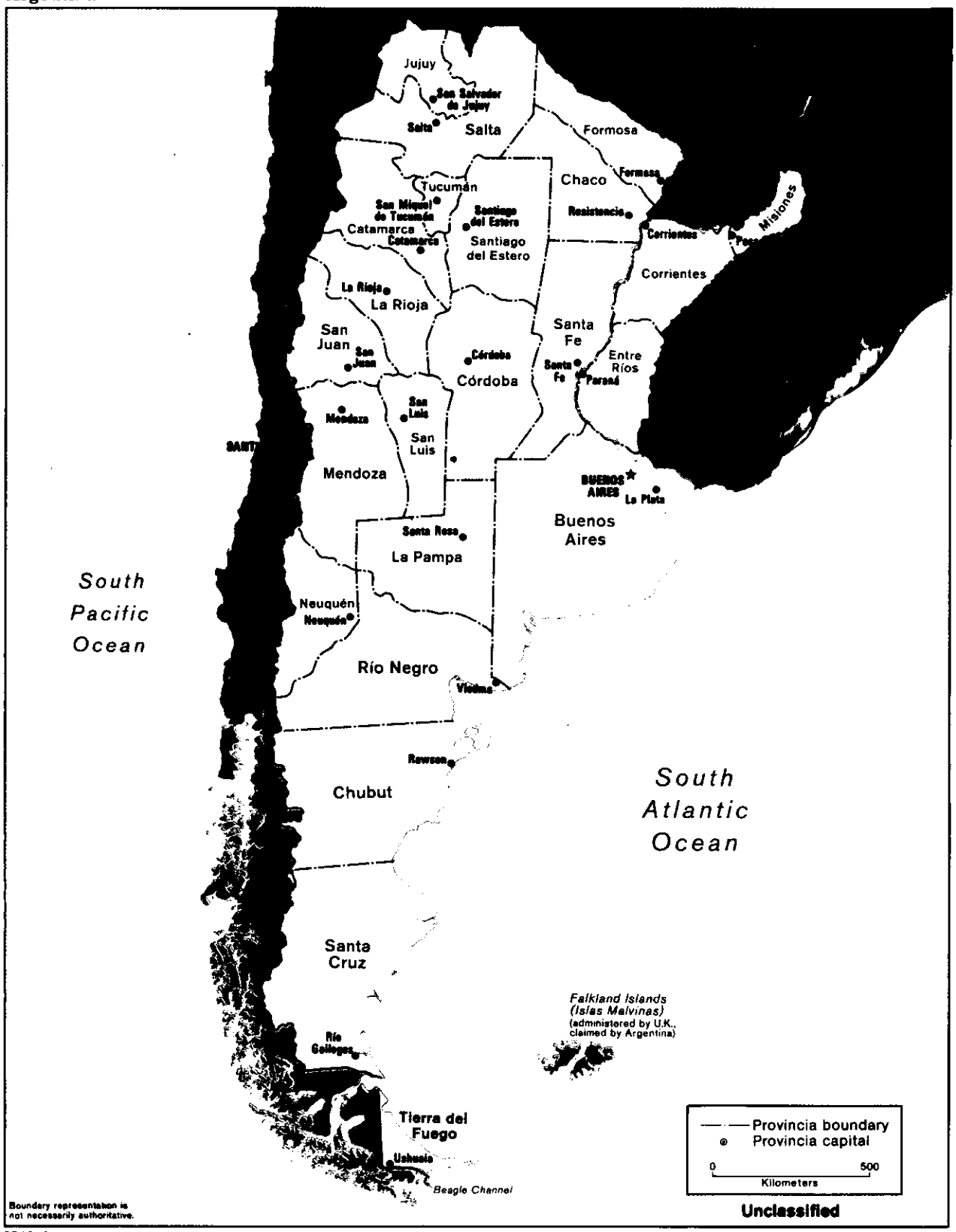
Bilateral contacts with the United States probably will resume their historical pattern of correct relations, marred by intermittent periods of tension. Under the Peronists, and even more so if Alfonsin becomes president, Argentina is likely to become less supportive of US policies in Central America and more critical of US economic policy in the hemisphere.

The continued preeminence of the Falklands issue for Buenos Aires probably will cause problems with the United States. Argentina's current test of faith is the willingness and ability of the United States to pressure the United Kingdom into negotiations. With this a highly unlikely development in the near future, bilateral tension is nearly assured. In its attempts to drum up Falklands support in international forums, Argentina is likely to trade votes on issues insignificant to Buenos Aires but important to the United States, giving rise to a series of bilateral irritants.

Given a successful transition, US interests are not likely to be threatened directly, although US investment in the petroleum and financial sectors might be exposed to some increased risk. In international affairs, neither a Peronist nor a Radical administration is likely to create threats to US security interests by aligning Argentina with the Soviet Bloc and providing the Soviets with access to its port and base facilities, or by pressing for the development of nuclear weapons. Moreover, a civilian government will be less likely to pursue adventurist military policies that would complicate US relations with the United Kingdom or Chile.

In the unlikely event that the transition were aborted by rightwing forces, US interests would be adversely affected. US condemnation, mandated by US support of democracy in the region and the Argentine transition in particular, would severely strain relations. The repressive tactics such a regime would probably employ would create serious problems over human rights issues. An extremely hostile environment would be created for foreign investment, given the likely termination of the IMF program, mounting economic difficulties, and a stridently nationalist bent in ruling circles. Finally, regional peace might be threatened if a nationalistic regime indulged in saber rattling over the Falklands or the Beagle Channel in an effort to rally domestic support.

Argentina



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DISCUSSION

The Impetus for Elections

1. Defeat in the Falklands war sealed the political fate of Argentina's military government. The seeds of that demise, however, were sown long before, particularly in the form of economic mismanagement. The Falklands debacle accelerated the move toward restoring civilian rule by undermining the military's prestige and its willingness to retain power in the face of seemingly intractable economic problems and rising political discontent. The postwar declaration by the armed forces that they would cede power to an elected civilian government in early 1984 merely constituted public recognition that they were too discredited to retain power.

Weakness of the Current Regime

2. The fundamental dilemma of the armed forces and the Bignone administration is one of managing a transition from a position of pronounced weakness. With their legitimacy exhausted and their credibility at a post-1976 nadir, the ability of the armed forces to structure a retreat that satisfies their political preferences and protects their institutional interests is questionable. Moreover, President Bignone lacks a personal power base, and this makes him vulnerable and dispensable. Both military and civilian supporters of the transition, however, are willing to retain him because he has identified himself unambiguously with the transition.

3. Military efforts to run the government are complicated by both intraservice and interservice rivalries. The intraservice problem remains but is less critical than it was in the immediate aftermath of the war when discontent in the ranks—especially in the Army—prompted frequent rumors about command shakeups. The selection of new commanders, the retirement of many senior officers in the Navy and the Air Force, and the concentration of efforts on institutional recovery have produced a more settled, although far from quiescent, atmosphere within the individual services.

4. Traditional interservice rivalries and animosities also were exacerbated by the Falklands war. Interservice coordination is slow and inefficient, and unseemly battles between the services almost inevitably surface in the press, further undermining the military's image and credibility. The Army, however, remains the dominant service. It is particularly important, therefore, that Army Commander Nicolaides now appear to be in control of his troops, supportive of Bignone, and committed to a successful transition.

Support for Coup Lacking

5. A large majority of general officers in all three armed services support the transition—or at least are resigned to it—and we have no evidence that the widespread dissatisfaction that led to pressure from the lower ranks for command changes after the Falklands war has been redirected in favor of blocking the transition.

6. Nonetheless, support for prolonged military rule can be found among a minority of officers at all levels. Their varied reasons include:

- Fear that military institutions and individuals will be vulnerable to retribution under a civilian regime.
- Philosophical opposition to a democratic government.
- Expectation on the part of rabid anti-Peronists that the followers of the late Juan Peron will win again.
- Desire to retain the lucrative sinecures in state companies.

7. A coup attempt by a small coterie of disgruntled officers would be unlikely to succeed. Not only would their numbers be insufficient, but other critical elements would be missing, such as a high degree of interservice coordination and a receptive or passive civilian environment. The situation would probably be

reminiscent of the aborted effort by the Air Force to oust Peron's widow from the presidency in December 1975. Such an incident would have little impact on the military's commitment to the restoration of civilian rule.

8. Rumors about more broadly based coup attempts persist and usually revolve around:

— Alleged negotiations between union elements headed by labor chieftain Lorenzo Miguel and Army colonels loyal to General Nicolaides directed at the kind of labor-military alliance that Peron rode to power in the period 1945-46.

— A "1,000 days" plan that allegedly involves low- and middle-ranking Army officers plotting with unspecified civilians to extend the transition process through two 500-day phases.

Civilian and military support for such plots is lacking, however, and they probably would have little chance of success.

9. Similarly, we do not expect that renewed adventurism with respect to the Falklands would derail the transition. The lack of interservice cooperation and coordination, along with other clear military deficiencies, makes another full-scale assault on the islands highly unlikely. Also unlikely, but more probable, would be a limited incident that might result from an accidental encounter with UK ships or aircraft; a junta-approved action designed to nettle the UK defense forces; or a unilateral action undertaken by a single Argentine service—most likely the Navy. A minor incident of limited military consequence might rekindle Argentine public passions over the Falklands but would not be perceived in civilian circles as sufficient reason to terminate or postpone the transition process. Any hint that the government might use such an incident as a pretext to do so would probably provoke widespread civilian protests.

Key Transition Issues

10. Military reticence about the transition in part reflects anxiety over unresolved issues in which significant military interests—institutional and individual—are at stake. Chief among them is responsibility of the armed forces for abuses committed during the anti-terrorist campaign, especially disappearances. Other sensitive matters include the political conduct of the Falklands war, the Beagle Channel dispute, corruption, and economic mismanagement, including the staggering growth of the foreign debt.

11. Armed forces leaders feel vulnerable on these issues and want them dealt with before the turnover of power creates an environment in which public pressure for investigations and punishment would be hard for a civilian government to resist. Potential civilian heirs to the presidency also have an interest in early resolution. Such sensitive issues would threaten to destabilize any new government by provoking almost immediate problems with the armed forces.

The "Disappeared"

12. It is on the "disappeared" issue that the armed forces feel most exposed and least able to compromise. The dimensions of the problem remain unclear. While estimates vary as to the number of persons missing as a result of 1975-79 counterterrorist operations, the fate of perhaps 7,000 to 10,000 people is probably involved. Most of them probably died at the hands of security forces personnel.

13. The prospect of massive, Nuremberg-style retribution triggers military anxieties. Armed forces leaders refuse to apologize for their counterterrorist methods and are committed to protecting their personnel from any sort of judicial processing for alleged abuses. To do otherwise would not only risk internal rebellion but seriously blemish the only outstanding success of post-1976 military goverment—the triumph over terrorism.

14. The junta document on the counterterrorist war released on 28 April was primarily an attempt to calm fears within military ranks about possible future punishment. It was issued amidst an ever-increasing stream of media revelations about abuses and accompanied by an "Institutional Act" apparently intended to assign military courts exclusive jurisdiction over military personnel accused of "dirty war" crimes. Although the junta stated that no further information would be published, the document contained no detailed data on disappearances and little new information on any facet of the war.

15. Predictably, the report was strongly condemned by representatives of all nonmilitary sectors. Moral indignation inspired much of the criticism, but a large

measure of political opportunism was also present as campaigning politicians benefited from another chance to blast the military for its sins. There remains a strong possibility that the junta will issue an amnesty law before the elections. It will probably be necessitated by a belief within the armed services that the "final" report and "Institutional Act" do not provide adequate protection for personnel who were involved in the counterterrorist effort.

16. Until the last year or so, most civilian political leaders treated the "disappeared" issue with extreme caution, when not avoiding it entirely. It was left to human rights organizations to demand from the armed forces an accounting for those allegedly missing. As the transition process began to unfold, demands for such an accounting became common coinage among critics of the military from political parties, labor unions, the Church, and human rights groups. Most political party spokesmen are still somewhat cautious, however. A position that is appropriately outraged—although vague on solutions—is an essential weapon in the arsenal of any presidential aspirant. A candidate who adopts an inflexible stance, however, could quickly become trapped after he is elected. If he compromises he will lose some measure of civilian support, but if he demands action and alienates the armed forces he might provoke a coup attempt.

17. The cautious civilian stance probably reflects a fairly accurate assessment of public attitudes. Counterterrorist excesses are not widely condoned. They are perceived, however, as the unavoidable byproduct of a struggle forced on the country by subversives. Most Argentines probably believe that moral imperatives dictate some form of accounting for abuses but not one that would involve a detailed public exposure of events or retribution against numerous military and security officials.

Corruption and the Falklands War

18. Pressure on Bignone and armed forces leaders on the issues of corruption and political conduct during the Falklands war—the decision for invasion and the conduct of mediation efforts—comes from military as well as civilian sources. While the "disappeared" issue serves to unify the military, these two issues are divisive. Among senior officers, the prevailing disposition is to close ranks, promise investigations, and protect members from individual penalties. On the other hand, many midlevel officers and apparently a substantial number of colonels would like to purge the armed services of the corrupt and incompetent. Such sentiments generate periodic coup rumors, particularly from within the Army. The sense of grievance may be fairly widespread, but the discontent lacks the focus and leadership necessary to force dramatic corrective action by the military leadership.

19. From the civilian politician's perspective, criticism on these issues is a cheap, effective, and indispensable component of any politician's antimilitary rhetoric. Nothing need be proven. The bad political judgment displayed in the Falklands invasion and in the subsequent failure to negotiate a settlement before humiliating military defeat is obvious. Corruption is taken for granted by a cynical Argentine public. Media revelations involving the alleged misdeeds of prominent military officers are all the more satisfying because of repeated military pretensions to moral superiority.

20. Nevertheless, civilians will be cautious about attacking specific military figures or promising specific and dramatic reprisals that could only serve to sour relations with the armed forces. Criticism of the military has escalated sharply from all quarters during the transition, but military tolerance is finite. The closing of several periodicals and an early February display of junta pique accompanied by threats of legal action reminded the civilians that some restraint was still necessary.

Economic Mismanagement

21. Long before the Falklands defeat sealed the military's political fate, armed forces rule was being undermined by obvious economic failures. Passive acceptance of military rule was turning into active opposition as groups largely quiescent since 1976 began displaying opposition to official economic policy. So intractable did the problems appear that, even before the war, many officers preferred abandoning power to continuing an apparently fruitless struggle to manage difficult economic problems.

22. The early years of military rule had brought domestic economic improvements under the guidance

of Economy Minister Jose Martinez de Hoz. Policy reforms restored growth and halved inflation. Good world markets boosted earnings from agricultural exports, thereby helping to overcome payments problems. After 1979, however, excessive dependence on the exchange rate mechanism to dampen inflation produced a seriously overvalued peso, led to internal market distortions, and laid the foundation for future balance-of-payments problems.

23. Since late 1979, Martinez de Hoz and his successors have been guilty of the kind of sharp policy turns and reverses that have exaggerated Argentina's economic difficulties over the years. In 1982 alone, policy shifted from a somewhat promising stabilization effort before the war, to a more populist, expansionary thrust in the wake of defeat, to the moderate austerity efforts now being implemented under Economy Minister Jorge Wehbe. With these policy gyrations, the economic disruption occasioned by the war, and the impact of global recession, 1982 marked a second straight annual drop in gross domestic product (GDP)—5.5 percent—coupled with accelerating inflation (about 200 percent for the calendar year). Foreign debt, which expanded rapidly after 1979, stood at about $38.7 billion at year's end. (See charts of economic indicators.)

24. Wehbe, who took over in August 1982, gradually tightened monetary policy and introduced reforms designed to slow inflation without provoking an unmanageable political backlash. In simplest form, his approach involves subsidizing domestic industrial recovery through export taxes on agricultural production and a combination of rebates for industrial exports and controls on industrial imports. This scheme is supported by daily minidevaluations of the exchange rate pegged to the difference between rates of internal and external inflation.

25. Wehbe's chief successes to date have been refinancing and restructuring Argentina's foreign debt, tasks not yet completed. The refinancing package is composed of a $1.1 billion syndicated bridge loan, about $2.2 billion in IMF facilities ($1.65 billion standby agreement and $570 million in compensatory financing), a $500 million BIS bridge loan, and a $1.5 billion midterm private bank loan still being negotiated.[1] The Central Bank is also renegotiating payments schedules on $6 billion of 1982 public-sector principal arrears and $8.7 billion in 1983 maturities. If all the pieces fall into place, the debt profile will be altered to one in which a large part of the debt that would fall due in 1983 would not be due until 1987 or later.

26. Wehbe's task will not get easier during the remaining months of the transition. Political uncertainty and the government's weakness will inhibit consistency in policy implementation and discourage foreign and domestic private investment. His room for maneuver will also depend upon the aggressiveness with which a renascent labor movement forces its wage demands. Should the unions threaten social peace through massive strike activity, political considerations will take increasing priority over economic ones in the decisionmaking process. Finally, Wehbe has no solid political base even within the armed forces, where Air Force critics of his efforts have been vocal at times. His most solid leverage consists of continued Army support and general acceptance of the need to maintain IMF financing by making an earnest effort to comply with agreed guidelines.

27. Wehbe's susceptibility to pressures from various quarters was evident in early 1983 when labor and military sectors forced acceptance of Argentina's first unemployment insurance program. Subsequently, in March, dissatisfaction within the military and elsewhere over surprisingly high inflation figures for January (16 percent) and February (13 percent) forced Wehbe to accept a price controls scheme that features subsidized interest rates for participating businesses.

28. Oscillation between such ad hoc expansionary measures and maintenance of Wehbe's established program to meet IMF requirements will probably persist throughout the transition. In the last quarter of the year, as the military's tenure winds down, the government will probably be less resistant to expansionary measures. Given the economic consequences of political uncertainty, it is reasonable to expect about a 2-percent recovery in production during 1983, with inflation ranging between 200 and 300 percent. Record grain exports and continued import restraints

[1] Completion of negotiations on the $1.5 billion loan is being delayed by an Argentine prohibition on the remittance of profits by UK banks—a measure passed during the Falklands war.

should permit a reduction in the current account deficit to about $1 billion, a shortfall that can be covered if the projected debt refinancing package is completed.

29. Argentina complied with agreed guidelines for the first quarter of its IMF agreement (see inset) and may do the same for the second-quarter review in June but will probably fall short of some internal targets as the election approaches. If for any reason the government should feel forced to cancel the accord, it could trigger a highly negative series of events. A likely withdrawal of new foreign lending would force a sharp drop in imports and economic activity, further stimulating inflation. Eventually Argentina would probably be forced to declare at least a temporary moratorium on all debt servicing, including interest.

Argentina's IMF Agreement

Buenos Aires concluded a 15-month standby agreement with the IMF in February. In return for $1.65 billion in IMF assistance and commercial bank lending support, the Argentines promised to implement the reforms to improve the country's economic performance. Under the terms of the agreement, Buenos Aires promised to reduce the public-sector deficit from 14 percent of GDP in 1982 to 8 percent this year and limit credit expansion to 170 percent. The government also agreed to raise interest rates, public-sector tariffs, and wages and to devalue in line with the rate of inflation. The stabilization program hoped to achieve 5-percent real growth this year, while reducing inflation to 160 percent and halving the current account deficit to $1 billion, but they are incompatible targets.

Prospects

30. The chances that Argentina will reach elections on 30 October and a restoration of civilian rule on 30 January 1984 are perhaps 85 percent at this point. With the election timetable established, momentum in favor of the transition will continue to build through out the year. Elements opposed to elections may become increasingly anxious and desperate as the date approaches, but they will find it increasingly difficult to generate widespread support for stopping a process so near completion. (See inset.)

Implications of a Coup Attempt

While we judge the possibility of a successful coup to be low, a coup attempt that is not swiftly put down could produce several highly undesirable situations. Among them:

- An all-out struggle for control in the armed forces, including violent confrontations, during which the civilians would remain on the sidelines.
- An apparent victory by antielection military sectors that would provoke active and eventually violent civilian resistance.
- In the highly unlikely and *worst case* event, a violent intramilitary clash in which civilian sectors would choose sides, leading to a complete breakdown of law and order.

In all these cases the outcome would be highly unpredictable. Particularly in the worst case, opportunities might be created for the emergence of a new military strongman, for decisive action by well-prepared extremists of the right or left, and for meddling by foreign interests.

Opportunities for Soviet interference would increase given the collapse of law and order, but Moscow's in-country resources would be limited. The Argentine Communist Party (about 50,000 members) has no working-class base and is not violence prone. It repudiated those involved in the subversive violence of the 1970s and, as far as we know, has no clandestine cache of weapons. It is viewed as nonthreatening by the military, which excluded the Communists from a 1976 ban on parties advocating the violent

overthrow of the government. Few of the violence-prone revolutionaries who fled the country in the 1970s have returned to Argentina, and the labor movement's staunch anti-Communism makes it an unlikely Soviet proxy. Perhaps the best Soviet hope, therefore, would lie in the possible emergence of a leftist or reformist military clique from among young officers, something akin to the group that led Peru in the early 1970s. To our knowledge, however, such a group currently does not exist.

31. Argentina's civilians are returning to power by default. The popular mood is clearly antimilitary, but the array of civilian alternatives provokes only limited public enthusiasm. Despite the deaths of the nation's dominating civilian caudillos, Juan Peron and Ricardo Balbin, political parties are offering little that is new in terms of personalities or rhetoric. Thus, there is little to allay the cynicism of an Argentine electorate inured to repeated civilian as well as military failures in government. In 1973, at the close of the previous military government (1966-73), many Argentines entertained hopes that an older and wiser Peron might somehow mold a consensus that would permit political stability and economic growth. The Peronist debacle of 1973-76 smashed those illusions. Today Argentines prefer civilian to military rule, but they view the transition without exaggerated expectation.

Party Politics

32. The contest among political parties for the presidency and control of lesser seats of power will soon begin in earnest, once internal party reorganizations and the process of selecting candidates for the 30 October elections are completed. To date, the political game has been played on two levels. On one level, the contest pits all civilians against the military as all aspirants to office seek to validate their antimilitary credentials. The second level of politicking involves intraparty contests.

33. The antimilitary campaign has been coordinated in part through the Multipartidaria, a five-party coalition that includes the country's two major parties, the Peronists and the Radical Civic Union, along with three small parties. The coalition serves the interests of its members by emphasizing their common opposition to military rule and providing a vehicle for authoritative expressions of dissent. However, the importance of the Multipartidaria has faded in recent months and will continue to do so as the electoral campaign sets the coalition members against one another.

34. At stake in the intraparty battles is control over the reorganized parties and nominations for offices from the presidency down to provincial and local posts. These battles are particularly intense within the Peronist and Radical camps, in part because of the deaths of Peron and Balbin. Personality conflicts and ideological tensions long held in check by their dominating paternalism have been unleashed in the internal struggles in both parties.

Likely Strategies and Outcomes [2]

35. The elections will be a Peronist-Radical affair with the Peronists the favorite if they patch up their internal differences. A united Peronist effort should elicit strong support in traditional Peronist constituencies such as urban labor, small and middle-size business, the bureaucracy, and proponents of strongly nationalist economic and international policies. For good measure, the Peronists will probably work out deals with small parties such as the Movement for Integration and Development, the Popular Conservative Party, and the Christian Democrats. None are important enough to be labeled swing groups, but each could provide marginal support for the Peronist presidential ticket.

36. Radical hopes for defeating the Peronists lie in a united effort behind Raul Alfonsin. He alone among Radical aspirants has the potential to appeal beyond historical Radical constituencies and make a dent in Peronist domination of the labor vote. Alfonsin projects a populist image domestically. His outlook on international affairs is skewed by a pronounced anti-US bias. He views "imperialism" as responsible for many of the hemisphere's economic, social, and political problems and firmly believes Argentina has been victimized by domestic speculators and foreign bankers.

[2] See the annex for a detailed discussion of the political parties and other major participants in the transition process, such as organized labor, the private sector, and the Catholic Church.

37. To have a chance, an Alfonsin campaign will have to be extremely well organized and financed. He must court the labor vote in the industrial suburbs of the Federal Capital that fall into the Buenos Aires Province voting area, even though he will surely lose to the Peronists there by a wide margin. He will have to make up the difference in the other three key voting areas, the Federal Capital itself, Cordoba Province, and Santa Fe Province (see map on page 6). It is more important to Alfonsin than to the Peronists to seek extraparty alliances. Dozens of small parties will eventually crowd the ballot, and many will seek a deal, offering to support the Radical or Peronist presidential ticket in exchange for major party support for their provincial slates.

38. Parties on the right and left of the political spectrum cannot mount a serious national challenge to the Peronists and Radicals (see table). Although a conservative coalition was able to capture 15 percent of the vote in the 1973 elections, the absence of a national conservative party to give institutionalized expression to conservative political and economic views remains a critical weakness in Argentina's party system. In the October contests, center-right aspirants will be further handicapped by the support lent to post-1976 military governments by prominent civilian conservatives. The nonviolent left is equally divided and doomed by its inability to shake Peronism's grasp on labor's vote. Revolutionary groups have no constituency, and parties advocating violence are outlawed.

39. If there is a true swing group in the elections, it may be those who have come of age since 1973 and will be voting for the first time. New voters may make up as much as 30 percent of an electorate roughly 18 million strong. It is difficult to gauge the impact of the 1973-76 Peronist period or the ensuing years of military rule and repression on the political perceptions and preferences of new voters. If to this group are added those who have had only one opportunity (1973) to vote in a presidential contest since 1964, the sector of the electorate for which we have no reliable voting history jumps to well over half. The new voter pool may open avenues for Alfonsin and the Radicals in traditional Peronist constituencies, and it should at least increase the "undecided" vote from which Alfonsin must draw to build his new coalition.

40. The presidential contest will be governed by procedures established in the 1853 Constitution—that is, a single vote with an electoral college system. This would appear to favor the party most likely to gain a plurality, the Peronists. At present, an electoral law governing the apportionment of congressional seats has yet to be decreed. Both the Peronists and Radicals favor granting the victorious party an automatic majority in the Congress. The smaller parties, of course, are insisting upon proportional representation formulas.

Stability of an Elected Government

41. The stability of a civilian regime is already a matter of discussion in civilian and military circles. Implicit in the concern being voiced is the fear that any civilian government's chances will be undermined by the absence of fundamental change in the country's political structure, behavior, and attitudes. This concern is well placed, particularly given the difficult, if not crippling, economic situation a civilian administration is likely to inherit.

42. ***Relations With the Military.*** The armed forces will not abandon their self-arrogated mission as the nation's ultimate political arbiter. Under the best of circumstances, they would reconcile themselves to constitutional subordination to civilian authority, and the civilians would avoid gratuitous and demagogic antimilitary rhetoric that would inhibit cooperation with the armed forces after the elections. Neither of these conditions will be fulfilled entirely. However, the stability of the new civilian government will be improved to the degree that they are met.

43. Civilian-military tension will persist, with potential flashpoints in the form of issues that might still be pending such as the "disappeared," corruption, and mismanagement of the Falklands war. Barring an immediate and egregious challenge to military interests, however, the new civilian authorities should enjoy at least a temporary respite from coup pressure. Conspirators will find it difficult to muster support until the civilians have had a chance to succeed. Likewise, given the current level of military disrepute, potential coup plotters will probably see the wisdom of a low military profile for a time while military leaders attend to professional tasks and the resurrection of the military's public image.

Argentina: The Political Spectrum

	Parties (1983)	Performance in March 1973 Election		Organized Support Groups [a]
		Grouping	Vote (%)	
Right of center	Popular Federalist Forces (FUFEPO)	Conservative coalition headed by Federal Party leader Manrique.	14.9	Argentine Industrial Union (UIA): particular representatives of businesses with international connections and markets Argentine Rural Society
	Confederation of the Republican Center (including Alsogaray's Center Democratic Union).	Three other conservative candidates	5.75	
	Federal Party			
	Democratic Party			
	Conservative Party			
	Progressive Democrats (PDP)–Democratic Socialists (PSD) alliance			
Center to center left	Peronists	Peronist coalition (FREJULI) including MID, PCP, and part of Christian Democrats	49.59	Peronists: vast majority of unionized labor, including CGT-A, CGT-RA, "62 Organizations"; small and medium-size businessmen once represented by defunct General Economic Confederation (CGE)
	Christian Democratic Federation [b]			
	Popular Conservatives (PCP)			
	Movement for Integration and Development (MID)			
	Radicals (UCR)	UCR	21.3	UCR: small minority of organized labor; university students
Left	Intransigent Party (PI)	Coalition headed by PI leader Alende and unofficially including proscribed PCA	7.43	
	Communist Party (PCA)			
	Socialists (several splinters)			
	Popular Leftist Front (FIP)	FIP	0.4	
Radical left	Socialist Workers Party (banned)	Coalition headed by Socialist Workers Party	0.6	No organized in-country support groups.[c]
	Montonero Peronist Movement (banned)			
	Revolutionary Communist Party (banned)			

[a] The elections are too far off to have prompted declarations of support for candidates or parties from most existing organizations or from those that will be founded to assist campaigns.

[b] An uneasy alliance, some factions of which belong closer to the center or center right of the political spectrum.

[c] Although we have few details on their numbers and intentions, some Montonero exiles have returned to Argentina in recent months. Some of these have been captured or killed.

3.5(c)

44. ***Economic Policy.*** Economic problems will almost surely dwarf all other issues facing the new government as the civilians inherit the military's legacy. Pressure for quick results will be great, perhaps reflecting expectations generated by imprudent campaign promises.

45. Party platforms have yet to be drafted, but there is scant evidence of innovative thinking among the Radical or Peronist economists. In most cases, their analysis is based on the assumption Argentina is an extraordinarily wealthy country whose potential remains unrealized because of either the unwitting mismanagement of incompetents or, more often, the conspiratorial actions of international interests (Rockefeller, et al.) and their domestic accomplices (Martinez de Hoz, et al.). With free market policies again discredited, they argue, the state must intervene to ensure both economic justice and economic independ-

ence. There are variations on this theme, reflecting the sophistication, experience, and general political outlook of various proponents. The basic assumptions remain unchanged, however, and will manifest themselves in the policies of a Peronist or Radical administration.

46. The options available to a new administration will depend in part upon the dimensions of the winner's victory margin. A Peronist or Radical government inaugurated after winning less than a majority of the popular vote, as is likely to be the case, will have great difficulty abandoning the kind of populist, protectionist policies which, despite specific variations, both parties favor. There is a small chance that the Peronists might win a majority of the popular vote. The strength of the resulting mandate would open more policy options, and in the past Peronist administrations have implemented austerity programs when forced by economic realities to do so.

47. A civilian government's options will also be somewhat circumscribed by the continuing heavy debt service burden and the policy conditions attached to new lending by the IMF and private foreign banks. These constraints could be circumvented by an indefinite moratorium on all debt principal and interest payments. Such a course, however, would risk default actions by creditors and would cut off Argentina from any foreign credits for some time. We do not believe that economic conditions will be so bad in January 1984 as to make such a dramatic initiative appealing except to an extraordinarily weak civilian government denied access to foreign financial support.

48. The more likely scenario envisions a Radical or Peronist administration entering office on the basis of an electoral plurality and attempting to broaden support for economic recovery by incorporating key sectors—organized labor, industry, finance, agriculture—into the policymaking process. Policy directions are likely to reflect the populist, statist, distributionist tendencies these parties have demonstrated in the past. The current IMF agreement will expire soon after the new government takes office. We would expect that the civilians' effort to negotiate a new agreement might curb somewhat their temptation to rely heavily upon import restrictions, export subsidies, exchange controls, and generally protectionist policies.

49. Neither the Peronists nor the Radicals question the positive role of the domestic private sector or foreign investment "properly" controlled. Nevertheless, foreign financial and petroleum interests will probably take a rhetorical beating in the election campaign and would be the most likely targets for punitive action if a civilian government felt the need to validate its nationalist credentials. Otherwise, the most probable development is a new foreign investment law that would be a compromise between the unrealistic restraints contained in the 1973 Peronist legislation and the very relaxed conditions established by the military since 1976.

50. ***Foreign Affairs.*** In international affairs, the Peronists and Radicals would probably pursue very similar paths:

- Concentration on the Falklands issue with a stance little changed from that of the current government.
- An emphasis upon connections with Nonaligned Movement countries and relations with Latin American neighbors.
- Correct relations with the United States, but with a tendency to adopt the role of critical Latin American spokesmen on matters such as US policy in Central America and US international economic policy.
- The maintenance of commercial relations with Cuba, the Soviet Union, and Soviet Bloc countries. The tendency with the Soviets will be to protect Argentina's trade interests by expanding bilateral relations in peripheral areas (for instance, civil aviation, technical assistance) where the Argentines believe they can minimize the risks of political contamination.

51. Leaders of both major parties are anti-Communist and will be wary of Soviet intentions toward Argentina. Peronists are always quick to point to their historical domination of the labor movement as the key to preventing Communist inroads in Argentina. Elected civilians, along with armed forces leaders, will remain resistant to Soviet offers to sell arms. Only if Argentina is denied access to desired Western arms is the military liable to purchase major Soviet weapon

systems. The Argentines will, however, continue to "play the Soviet card"—that is, hint at the availability of Soviet weapons in order to broaden their access to Western materiel on acceptable terms.[3]

Implications for the United States

52. US interests in Argentina are not likely to be significantly affected by the installation of a new civilian government whether it be Peronist or Radical. However, private US investment in the petroleum and financial sectors might be exposed to some increased risk, and troublesome differences are likely to arise on some issues.

53. In international affairs and forums, a civilian government's likely policy direction will produce disagreements with the United States, but neither Peronists nor Radicals are liable to create direct threats to US security interests by aligning Argentina with the Soviet Bloc and providing the Soviet military with access to its port and base facilities.

54. The Falklands war added new and important elements of uncertainty regarding Argentina's long-range nuclear plans. Suspicions about its ongoing research notwithstanding, the existence of a dedicated nuclear weapons program has not been confirmed. Any civilian government will probably continue Argentina's efforts to develop a complete nuclear fuel cycle independent of safeguards and to exploit the country's nuclear achievements for international and domestic political gain.[4]

55. Bilateral affairs will probably resume their historical pattern of correct relations, marred by intermittent periods of tension. Policymakers will profess allegiance to Argentina's Western, Christian traditions and acknowledge the need for good relations with the United States. However, Argentine actions will often reflect more immediate concern for gaining support on the Falklands, winning or maintaining commercial advantages, and being perceived as independent from the United States.

3.3(b)(1)

56. Immediate disagreement with the United States, especially if Alfonsin becomes president, is likely to arise over:

— Central America, with Argentina probably assuming a stance similar to that of the Socialist International.

— Hemispheric economic affairs, on which Argentina will probably become a more outspoken critic of alleged US misdeeds.

57. From the US perspective, bilateral relations will be complicated by the lack of leverage with which to influence Argentine policies and policymakers. None of the likely civilian successors will feel particularly obligated toward the United States, and US influence with the Argentine military is likely to remain minimal because of the Falklands war and the prolonged prohibition on US military assistance and sales.

58. The Falklands will remain the crucial issue for Argentina, and there would appear to be little the United States can do to satisfy Argentine desires. US support for resolutions in the UN and OAS in late 1982 improved the acrimonious postwar atmosphere. However, Argentina's new test of faith is the willingness and ability of the United States to pressure the United Kingdom into negotiations. With this a highly unlikely development in the near future, the Falklands issue will continue to be a source of bilateral tension. In the meantime, it will cause peripheral problems as Argentina drums up Falklands support in international forums by trading votes on issues insignificant to Argentina but perhaps important to the United States. Votes running counter to US interests could produce a series of bilateral irritants.

59. The US ability to influence the lending practices of international financial institutions and US commercial banks provides some leverage over Argentine policymakers. Recognition of this fact tempers anti-US sentiments in some civilian circles, although it is not likely to be a policy determinant on international matters considered important by the Argentines. Perceived US influence in this area can also become a liability should it become necessary to urge compli-

ance with international obligations on a besieged Argentine Government. Anti-US sentiment could be aroused easily if the United States were portrayed or perceived as the lobbyist of the international bankers, encouraging austerity measures at the expense of the Argentine working class.

60. In the unlikely event that the transition process were aborted by a rightwing military coup, the effect on US interests would be adverse and substantial:

— Bilateral relations would be severely strained by a strongly negative US reaction to termination of the electoral process that would be dictated by US support for democracy in the region and the Argentine transition in particular.

— Repressive tactics likely to be employed by such a regime would probably bring renewed problems over human rights.

— Peace could be threatened because a nationalist government might turn to saber rattling against Chile or the United Kingdom to rally popular support.

— Opportunities for meddling by the Soviets would increase if there were a severe breakdown of law and order.

ANNEX

MAJOR PARTICIPANTS IN THE TRANSITION PROCESS

The Peronists

1. On the basis of past performance, the Peronists enter the campaign favored over their only real rivals, the Radicals. Juan Peron's heirs, however, are burdened both by the legacy of the 1973-76 Peronist failure and the absence of a recognized successor to the late strongman. Under Peron's domination, Peronism was a "movement" rather than a traditionally styled party. It was a collection of heterogeneous elements that paid obeisance to Peron and a vaguely defined ideology that emphasized working-class welfare and political and economic nationalism. In fact, Peronism was what Peron proclaimed it to be at any given time. Through a rigid hierarchical or *verticalista* structure, Peron maintained a secure grip on the movement and consciously prevented the emergence of potential competitors to leadership.

2. Ideology plays little role in the battle among the pretenders to Peron's mantle. Small groups at the right and left extremes of the movement are unimportant. They have little influence in the leadership contest and may or may not choose to remain under the Peronist umbrella during the elections.

3. The real contest is a power struggle among aspirants who generally represent the mainstream of the movement but are divided into two general tendencies over issues that have historically plagued Peronism:

— Democracy versus autocracy in internal party procedures.

— Confrontation versus cooperation with a sitting military government.

4. The ***verticalista*** or ***orthodox*** wing is composed of those who stuck most closely with Peron's widow, Isabel Peron, during her abbreviated presidency (July 1974–March 1976). They continue to profess loyalty to her as Juan Peron's legitimate heir and probably control most of what still exists of the traditional party machinery. Since 1976 the verticalistas have consistently opposed accommodation with the military government and sometimes opted for confrontation. In the labor sector, verticalistas control the so-called Argentine Republic faction of the General Confederation of Workers (CGT-RA) and the "62 Organizations," a political caucus of orthodox union bosses.

5. The ***antiverticalistas*** or self-styled ***moderates*** are the political if not linear descendants of the so-called Neo-Peronists of the 1960s. While Peron was still alive, they were attempting to structure a movement that would advocate traditional Peronist policies but without the suffocating domination of Peron, who was then in exile. Currently, moderates emphasize the need to institutionalize and democratize Peronism, to respond to the will of the rank and file. Since 1976, the moderates have been less strident than their orthodox counterparts in criticizing the military. In particular, their labor wing, the Azopardo faction of the CGT-A, has regularly collaborated with armed forces leaders.

6. There is no clear favorite among contenders for the Peronist presidential nomination. Nor is there much in terms of ideology or programs that distinguishes one from the other. Antonio Cafiero is the best

Antonio Cafiero

Peronist Verticalista

positioned of the verticalistas. A veteran Peronist campaigner, a former Economy Minister (1974-75), and a moderate on both domestic and international issues, Cafiero is able and experienced but lacks the public presence and charisma that could set him apart from the field.

7. In the moderate camp, the situation is muddled by the fact that the most logical and perhaps most able candidate, Angel Federico Robledo, is a victim of Parkinson's disease. His fellow moderate Raul Matera, a 67-year-old neurosurgeon, has also been unofficially proclaimed a candidate by one of Peronism's many factions. Matera enjoys a good public image, but he is not considered presidential timber in Peronist leadership circles.

Raul Matera

Peronist Moderate

8. If continuing indecision leads to the selection of a compromise candidate, Italo Luder may be the best bet. A former President of the Senate and Acting President of Argentina (1975), Luder has been closer to the orthodox wing of Peronism in the past. He has, however, avoided acerbic confrontation with the moderates and might be acceptable to them if the nomination process were deadlocked. Luder is impressive in public [redacted] Within the party, he suffers from an aversion to the folkloric and demagogic aspects of Peronist campaigning (that is, mass rallies with the traditional Peronist drums, songs, and rhetoric). Luder's fortunes will have received a substantial boost if there is truth in reports concerning support for his campaign from military sectors that are convinced the Peronists will win and prefer Luder among Peronist contenders.

Italo Luder

Peronist, possible compromise candidate for presidency

9. Uncertainty about the role of Peron's widow and successor confuses the Peronist scene. Isabel Peron has maintained a studied political silence during recent years of exile in Spain, but speculation continues in Buenos Aires about her return and possible candidacy.

10. Despite Peronist demands that her political rights be restored,[5] it is highly doubtful that any of the party's presidential contenders want Isabel Peron to resume an active political role, at least until the candidate selection process is completed. She has few political talents, bears a grave responsibility for the 1973-76 disaster, and would probably exacerbate differences rather than unite Peronists. If and when agreement is reached on a Peronist ticket, she could exert a positive influence by endorsing the candidates and campaigning on their behalf.

11. The Peronist electoral program will probably offer traditional party positions. On domestic issues, the emphasis will be upon a central role for the state in resolving social and economic policies. In the economic area, the Peronist candidate will make a whipping boy of former Economy Minister Jose Martinez de Hoz (1976-81) and his alleged efforts to enrich domestic speculators and international financiers. To the degree that specific remedies are advocated, emphasis will probably be placed upon protection for domestic industry and income redistribution favoring the working class. There is no significant support in Peronist ranks for either debt repudiation or an assault on multinationals, although foreign investors in highly visible and symbolic areas, such as financial entities and petroleum development, may take at least a rhetorical beating.

[5] The political proscription levied against Isabel Peron in 1976 by the governing junta has been lifted, but she is still legally barred from holding office as a result of a conviction in a civilian court case.

12. The Peronists' foreign policy planks will probably include:

— Emphasis upon nonalignment, reflecting Juan Peron's vaunted third position between capitalism and Communism.

— Special emphasis upon closer relations with Argentina's Latin American neighbors.

— Continuation of the drive for favorable diplomatic solutions to the Falkland Islands and Beagle Channel disputes.

— Need for restructuring the international economic system.

— Maintenance of the strategy of exploiting Soviet Bloc commercial opportunities while avoiding political contamination.

— Good relations with the United States.

The Radicals

13. The Radical Civic Union (UCR) provides the only serious national competition for Peronism. As the self-styled option to Peronist populism and conservative-military fraud and repression, Radicalism is going through a process of redefinition as internal sectors compete to inherit the controlling influence formerly exerted by Ricardo Balbin. Pitted against one another are the parties' two main factions—the ***Movement for Renovation and Change*** and the ***National Line***—and the two men who have emerged as their respective standard bearers, Raul Alfonsin and Fernando De La Rua. Smaller party factions must look for opportunities to parlay their limited support into influence on one side or the other.

Raul Alfonsin

Standard bearer of Radical faction the Movement for Renovation and Change

Fernando De La Rua

Standard bearer of Radical faction the National Line

14. The most charismatic of a lackluster crowd of presidential hopefuls, Alfonsin is a middle class lawyer who tried to move the Radicals to a more populist stance while Balbin was alive. He began early with a well-organized and financed campaign that his National Line competitors have not been able to match or blunt. January and February polls commissioned by a Buenos Aires news magazine attested to Alfonsin's fast start at least in greater Buenos Aires. Not only was he the favorite candidate among those polled, but the results also showed the Radical Party leading the Peronist Party.

15. The traditional party machinery is largely in the hands of the National Line bosses, who clearly view Alfonsin as something of an interloper. Alfonsin, therefore, is reaching beyond the traditional UCR constituency, attempting to mold a new populist coalition through an appeal to center-left elements in all parties, young people, intellectuals, those looking for anyone who might beat the Peronists, and, most crucially, the Peronist bailiwick of industrial labor. Ad hoc alliances with small provincial parties also form part of the strategy. Within UCR ranks, Alfonsin has increased his chances by accepting Victor Martinez as his running mate and thereby securing support from the Cordoba Line, the party's third-largest wing.

16. Alfonsin's antimilitary credentials are impeccable. His message on domestic issues is populist and short on specifics, although he fits well within the mainstream of Latin American social democracy. His outlook on international economic and political affairs is skewed by a pronounced anti-US bias and a tendency to see conspiracies. He views "imperialism" as responsible for many of the hemisphere's economic, social, and political problems and firmly believes Argentina has been victimized by domestic speculators

and foreign bankers who have drained the nation's wealth with the connivance of the military-conservative governing alliance. Thus, while Alfonsin professes to welcome multinational activity in what he terms productive sectors, he would almost surely place severe restrictions on financial firms. On the debt question, Alfonsin's perceptions have resulted in a pledge to pay public-sector foreign debt and private-sector obligations which debtors can prove were contracted legitimately.

17. The National Line is the Balbin wing of the UCR, but his death left his lieutenants in disarray and Alfonsin free to seize the initiative. Only in the January-February period did De La Rua emerge as the National Line's alternative. A former national senator and vice presidential candidate, De La Rua was the UCR's rising young star during the 1973 elections. The beneficiary of youth (46) and a carefully cultivated Kennedy-like image, De La Rua represents the traditional UCR moderate, middle class interests. Although he is an attractive public figure and will enjoy whatever grassroots support the traditional party machinery can engender, it is doubtful that he can overcome Alfonsin's lead. De La Rua's challenge, however, has slowed Alfonsin's momentum and kept him embroiled in intraparty struggle when his energies might be more profitably spent on building his new coalition.

18. An Alfonsin–De La Rua ticket would seem the most promising route for the UCR, but Alfonsin insists that he is not interested. Given the intramural struggle, the UCR's history of schismatic behavior again clouds its electoral chances. Alfonsin believes he deserves the nomination. If the party machinery is somehow manipulated to deny his bid, he might bolt, despite repeated denials that he would do so. With Alfonsin as the candidate of a united party, the UCR could make the elections a contest. With Alfonsin outside the fold, both he and the UCR would lose badly to the Peronists.

19. There is little to choose between the UCR and the Peronists in programmatic terms. Both are center-left on the domestic political spectrum, although the UCR is generally less disposed toward statist economic policies or attempts at income redistribution. With respect to foreign policy, the UCR will probably assume a stance not markedly different from that expected of the Peronists. Alfonsin's nomination would, however, probably mean a rhetorically more aggressive and perhaps more anti-US tone than that of any of the likely Peronist candidates.

Other Contestants

20. The remainder of the political landscape is dotted with small parties whose numbers attest to the schismatic, personalistic, and parochial nature of Argentine politics.

21. The ***Movement for Integration and Development*** (MID) is among the more significant small parties because of the quality of its people and the leadership of ex-President (1958-62) Arturo Frondizi. Its support stems from domestic business and professional groups attracted by the MID's emphasis on development of an infrastructure of heavy industry. The MID ran with the Peronist coalition in 1973 and may do so again. If it offers its own ticket, Rogelio Friegerio, Frondizi's chief lieutenant and MID theorist, will head it. If Cafiero wins the Peronist nomination, an alliance is less likely because of longstanding differences between Cafiero and the MID.

22. The outlook of ***the political right*** is as bleak as ever. The absence of an effective national Conservative Party has always been a critical weakness in the political system. It has deprived conservative political and economic interests of an institutionalized mechanism for influencing national policy formulation and thereby encouraged conservatives to depend upon the military's willingness to disrupt the constitutional system. Conservative parties tend to be small, provincial, highly personalistic organizations given to forming ad hoc electoral alliances in a feeble attempt to present a third alternative to the historical domination of the Peronists and Radicals. Such an alliance, under the leadership of venerable Federal Party chief Francisco Manrique, won a respectable 15 percent of the March 1973 presidential vote. This time, however, the right is seriously handicapped by its identification in the public mind with the post-1976 military regime; several of its prominent figures have held official posts under the military.

23. Under ideal circumstances, parties on the right would coalesce behind an attractive public figure and win 15 percent of the vote or a bit more. It would help

if the UCR would run Alfonsin and move to the left in its efforts to cut into Peronist working-class support. By default, the conservatives would pick up disaffected UCR voters and independents from the middle of the political spectrum who often vote Radical because of distaste for Peronism. The next step would be translation of the electoral alliance into a stable parliamentary opposition group that would be the basis for development of a truly national conservative alternative in future elections.

24. This scenario seems highly unlikely, however. The lack of a promising coalition candidate is evident in the efforts of some to push forward Nicanor Costa Mendez, the Argentine Foreign Minister during the Falklands war. An ad hoc coalition is still likely, but the squabbling that has surrounded efforts to mold the Popular Federalist Forces into an effective vehicle for electoral participation suggests a repeat of past conservative disappointments. Dissatisfied groups most likely would run independently or fashion deals with the UCR. Names likely to emerge as presidential candidates from the right along with Manrique include Rafael Martinez Raymonda, of the Progressive Democratic Party in Santa Fe Province, and Alvaro Alsogaray, respected and contentious free market economist, who has formed a small party to promote his fortunes.

25. The prospects of the ***left*** are at least as dismal as those of the right. Revolutionary groups have no constituency. Parties that advocate violence are outlawed, and vivid memories of the terrorism of the 1970s will deny anything but a negligible vote to parties suspected of radical intentions. The nonviolent left is fatally handicapped by its continuing inability to shake Peronism's grasp on the working-class vote.

26. The left also suffers from the lack of a single-party mechanism that could aggregate and magnify its voice and influence. Segments of the left exist in both Peronism and the Radical Party. In the former, Vicente Saadi's Intransigents are few and isolated but still better off politically than they would be as an independent party or part of any foreseeable coalition. Alfonsin is reportedly doing well attracting unattached, left-leaning voters to his Radical bandwagon.

27. Outside the Argentine Communist Party, the left is represented by one faction of the small Christian Democratic Party; a half dozen proponents of socialism, all small and ineffectual; and Oscar Alende's Intransigent Party. Alende unofficially represents the left in the multiparty group and drew 7 percent of the March 1973 vote as the presidential standard bearer for a left coalition. His politics over the years have blended welfare statism with often shrill anti-US, anti-UK rhetoric. In recent years, he has cultivated contacts with the Socialist International. An experienced practitioner at molding left-of-center coalitions, Alende has in the past worked with the Communist Party, the Peronist left (including the Montoneros), and a number of smaller parties. He has denied rumors about Intransigent Party contacts with the Communist Party concerning coalition possibilities, but they are probably correct,

Alende probably cannot match his 1973 vote total if he runs on an Intransigent Party ticket. If, however, he could demonstrate even half his 1973 drawing power (that is, 3 to 4 percent), he might prove a useful ally in a close Peronist-Radical contest. 3.3(b)(1)

28. ***The Communist Party,*** with perhaps 50,000 members, poses no electoral threat. While reputedly well financed and organized, it is totally subservient to Moscow's line and without prospects for challenging the Peronist grip on its self-arrogated natural constituency—the working class. The Communist Party does not advocate violent revolution. In 1976 it was not among the radical parties banned by the military, partially because it consistently opposed terrorism and probably also because of the importance of Argentine trade with the Soviet Union. The Communist Party has dutifully complemented Soviet efforts to court the Argentine military in recent years by proposing a civilian-military convergence and criticizing the government in language no more severe than that of other parties.

29. The Communist Party has undertaken an aggressive campaign to sign up 200,000 members, and its presidential ticket has been proclaimed. Nevertheless, spokesmen have made clear the Communist party's eagerness to participate in an electoral coalition, as it did unofficially in 1973. Thus far, the Peronists and Radicals are not responding.

30. Moscow and Havana undoubtedly would be delighted by anything approaching a respectable national Communist Party showing at the polls. Very

little is known of party financing, but it is reasonable to assume that Moscow will find a way to subsidize its campaign. Additional efforts—especially covert activity—by the Cubans and Soviets on the party's behalf seem unlikely. Both have important bilateral commercial links with Buenos Aires that they have been fostering through attempts to develop closer state-to-state ties. It is unlikely that Havana and Moscow would risk these interests by clandestine support for a Communist Party that has little chance for significant electoral gains. There is no evidence that Moscow or Havana would view incitement of violence or termination of the transition process as in their interests.

Organized Labor

31. Organized labor is the most significant nonparty political force. Since the mid-1940s when Juan Peron mobilized and politicized the country's work force, unionized labor has remained predominantly Peronist and played a crucial role in the formulation of national economic and social policies under both civilian and military governments. The country's roughly 4 million union members could be the decisive electoral factor if they vote as a bloc.

32. Sharing with many civilians the perception that organized labor exerted an excessive and unhealthy political influence, the armed forces government set out in 1976 to depoliticize the unions. The General Confederation of Workers (CGT) was banned. Most large unions were placed under military overseers, and all unions were strictly limited to nonpolitical activities. Many union leaders were arrested, some disappeared, and labor laws were rewritten to deprive union leaders of the funds and organizational base to become major political actors. These tactics, backed by the ever-present threat of repression, succeeded to the point of creating considerable disarray within the labor movement. They did not, however, depoliticize labor or apparently undermine its overwhelmingly Peronist complexion.

33. As with the Peronist political wing, union efforts to reorganize and influence political developments have been complicated by Juan Peron's absence. Divisions among self-proclaimed national leaders that Peron would have manipulated to his advantage now present less tractable threats to the movement's unity and potential political effectiveness. The verticalista-antiverticalista dichotomy and, perhaps more importantly, personal rivalries and power struggles have divided the labor movement along lines that roughly approximate the divisions among Peronist political leaders. The Cafiero-Bittell-Luder troika (Deolindo Bittel, as vice president of the Peronist Party, is its acting chief during the exile of Isabel Peron), draws its labor support from CGT-RA, while the Robledo-Matera group is associated with the CGT-Azopardo.

34. Neither CGT faction has any legal standing because the military's labor legislation does not recognize such national federations. Their very existence, however, and the fact that the government deals with them provide testimony to the government's weakness and acknowledgment of labor's potential political and economic clout.

35. The CGT-RA is the smaller of the two groups, despite having absorbed a group of nonaligned unions in early 1983.[6] In recent years, it has maintained a consistently hardline, confrontational posture toward the military government. It supports traditional Peronist economic and social policies and has frequently indulged in demagogic demands for immediate worker benefits as a means to build support.

36. Among the key assets of the CGT-RA is the leadership of Lorenzo Miguel, labor's kingpin from the pre-1976 period. Although currently proscribed from office holding, Miguel is extremely active. He controls the "62 Organizations," a remnant of the pre-1976 days that acts as something of a political caucus for affiliated unions. Miguel, as much as anyone, is aware of the political power of a unified labor front, but he wants unification on his terms and under his control. He epitomizes the kind of tough, conspiratorial, power-conscious bosses that survive Argentina's internecine labor battles. It is typical that rumors have surfaced concerning secret talks between Miguel and military sectors on a military-labor alliance and that Cafiero, the supposed beneficiary of CGT-RA support, remains unsure about Miguel's intentions.

37. The CGT-Azopardo, led by Jorge Triacca, has been critical of the government, but it has negotiated both publicly and privately with the military in hopes of obtaining worker benefits and gaining control of

[6] Prior to the amalgamation, the CGT-RA was known as the CGT-Brazil.

unions once military overseers are withdrawn. Because of its negotiating tactics, the Azopardo sector is under more public pressure to obtain results from the government. The seriousness of the RA-Azopardo split was emphasized in January when it was further institutionalized by the Azopardo group's creation of its own version of Miguel's "62 Organizations."

38. Military manipulation looms ever larger as a potential determinant in the intralabor struggle. Acting on the assumptions that the Peronists will win in October and labor will remain a powerful institutional factor, military representatives have been holding discreet discussions with union leaders from both factions. The government retains the power to determine which labor faction will inherit control of major unions still under military intervention. Armed forces spokesmen are probably using this leverage in search of acceptable Peronist treatment of key issues in the postelectoral period. Alfonsin touched off a minor political storm in May with public accusations concerning a labor-military deal. Few Argentine advocates of democracy are encouraged by the prospect of an agreement between the two groups that are not only the most powerful but also the most autocratic and hierarchical political groups in the country.

39. Restoration of at least superficial labor unity is important not only for the Peronists' electoral prospects but for labor's institutional interests. A unified movement could well have sufficient leverage to gain for labor the second slot on the Peronist presidential ticket as well as a significant number of candidacies to national congressional seats. Labor bosses are also aware that failure to solidify their internal ranks might leave the Peronists' key constituency vulnerable to the appeals from a Radical party headed by Alfonsin.

The Private Sector

40. Major economic interest groups that have periodically suffered at the hands of Peronist statist-distributionist economic policies since 1946 face a familiar political dilemma. They are the wealthiest groups in the society, controlling economic activities vital to its growth and stability. Yet, there is no party mechanism that articulates their economic views and integrates them into a broader social and political message that has any popular appeal. In short, the civilian restoration will again leave these interest groups without institutionalized channels for influencing national decisionmaking. As in the past, they will have to rely upon personal relationships, their capacity to undermine government policies through passive or active resistance, and ultimately on their links to military sectors that share their views. Groups that find themselves in this position include major financial and commercial interests, large industrial concerns that produce primarily for export and/or have links to multinational firms, and large agricultural producers.

41. A candidate with the free-market orientation of Alvaro Alsogaray would be appealing to such groups, but no amount of financial backing will enable such a candidate to challenge the Peronists and the UCR. Funding might be provided to either of the two major parties in the hope of garnering postelectoral influence. While such an investment might produce some favors from the new government, it would not lead to basic policy changes.

42. Small and medium-size domestic industrialists will find a comfortable political niche with either the Peronists or the UCR. Both parties are likely to support nationalist, protectionist policies appealing to this group which in the past had an institutionalized voice in the Peronist-controlled General Economic Confederation (CGE). Something similar to the CGE could well emerge as part of the Peronist campaign organization.

The Catholic Church

43. The Argentine Catholic Church is bedeviled by the same theological disputes that have characterized the Church's activities throughout Latin America. The conservative hierarchy protested only cautiously and quietly the post-1976 military abuses, and carefully avoiding the advocacy role assumed at the time by the Church in Chile.

44. With the postwar political liberalization, the Church has emerged as a more strident human rights advocate and a potential mediator between civilian and military sectors on sensitive issues, especially disappearances. In late 1982, when both civilian and military leaders toyed with the notion of a preelection agreement, the initiative was stymied by their seemingly rigid and irreconcilable positions. The Church's

moral authority equipped it for the role of mediator, but Church officials were wary about becoming deeply enmeshed in politics. Painfully contrived public statements distinguished between the political task of mediator, which the Church rejected, and the act of offering the Church's "services" in search of national moral reconciliation. If efforts to reach a civilian-military accord are renewed, the Church may again be thrust somewhat unwillingly into the role of pseudomediator. In any event, it will remain an outspoken advocate of reconciliation through the disclosure of information on disappearances and other human rights abuses.

45. Despite historical differences between the Church and the Peronists and Radicals, neither party now represents a threat to Church interests. Thus, the institutional Church will obey papal proscriptions on political activity and not actively campaign for or against parties or candidates.